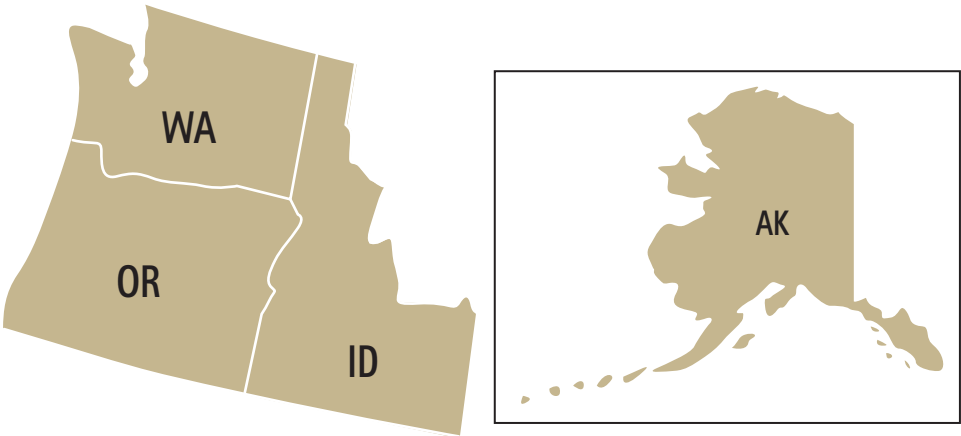




Region 10 Environmental Finance Center

AT BOISE STATE UNIVERSITY



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BACKGROUND & SUMMARY

The mission of the Environmental Finance Center at Boise State University (Boise State EFC) is to help communities with issues surrounding “how to pay” for environmental protection. The primary focus of the Boise State EFC is the development of broadly applicable, practical tools that improve the efficiency and effectiveness of environmental systems in meeting the challenges of protecting the environment and public health.

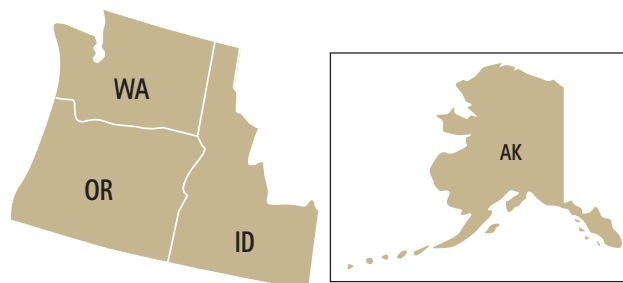
The Boise State EFC serves the U.S. Environmental Protection Agency (EPA) Region 10 states of Alaska, Idaho, Oregon, and Washington. In addition to Region 10 states, this EFC has been called upon to provide its specialized services and tools in other areas throughout the country.

The Boise State EFC creates computer-based tools that provide important information for decision-makers to use in financing environmental systems. Among the financial outreach methods developed by the EFC are intensive training programs and workshops concentrating on computer programs for utility rate-setting and capital improvement planning for environmental facilities.



Amy Williams and Bill Jarocki, Boise State University Environmental Finance Center

REGION 10



Consistent with the network of university-based EFCs, the Boise State EFC pursues its own environmental goals and effectively supplements its core funding with funding from other sources. In 2005/2006, EFC attracted 16 grants and contracts, which were sponsored for international, national, private sector, and regional (both within and outside of EPA Region 10) projects. This leveraging of resources demonstrates the real value of the Environmental Finance Center Network to Region 10 and EPA.

The major focus of the center's work during FY 2005 was to continue and complete the development of innovative software to address non-point source water pollution challenges. The center participated in dozens of conferences and workshops, providing software, training, and technical assistance to scores of national, state, and local decision-makers.

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Completed Projects & Initiatives

DEVELOPMENT OF INNOVATIVE FINANCIAL TOOLS

In 2005, the major emphasis for the center was developing innovative tools to respond to the needs of water and wastewater systems, as well as stakeholders involved in addressing non-point source water pollution challenges. The goal is to reach communities in need nationwide. The EFC's new tools for this year are the following:

Rate Checkup™

A full-cost pricing model for water utilities, Rate Checkup™ integrates the EFC's asset refinancing model, known as CAPFinance™, in developing accurate, fair, and equitable user charges for water utilities. The wastewater version is under development. A simplified version of Rate Checkup™ for water utilities was developed for the Kansas Drinking Water Program in 2005. Training on the software tool will take place in early 2006 and Kansas is licensed for statewide distribution of CAPFinance™.

System Development Charge Software Model

Development of this tool was completed in 2005 for the University of Illinois' Midwest Technical Assistance Center. The model will help water systems calculate the impact of new development and design impact fees to recover those costs. The model can import data from CAPFinance™ into the design of impact fees.

Electronic Sanitary Survey (Iowa Model)

Working with EPA's Drinking Water Academy, the Boise State EFC had previously developed a sanitary survey data collection system that is operated on personal digital assistants or handheld Windows-based computers. In 2004, Iowa contracted with the EFC to produce a variation of this approach that will allow information to be shared across Internet

In 2005, the Boise State EFC...

- ◆ Developed 10 tools for water and wastewater systems.
- ◆ Conducted nine applicant reviews for the Idaho Drinking Water State Revolving Fund.
- ◆ Provided direct technical assistance to five communities.
- ◆ Conducted 55 workshops with up to 300 attendees each.
- ◆ Participated in or presented at 11 workshops.

networks, linking the central and regional offices of the state drinking water program. The product was completed and launched in 2005. Additional work to integrate it with Iowa Safe Drinking Water Information System will be completed in 2006.

Idaho 319 Grant Program

The Idaho Department of Environmental Quality asked the center to modify Plan2Fund—a financing and implementation software model—for application to the Clean Water Act Section 319 financing program in 2004. In 2005, the project was reworked to be a Web-based application program. This work is expected to be completed in 2006.

Financial Analysis Calculator for Exemptions

In 2005, the Boise State EFC continued its development of a software tool to help regulatory agencies quickly determine the financial capacity of communities seeking exemptions from the implementation deadline for the arsenic rule. This tool is designed to assist regulatory staff unfamiliar with financial analysis by automatically generating a financial capacity report. Included in the report are the current financial and economic conditions of the system and

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trends throughout time, affordability of current water rates, and financial and affordability impacts of financing capital improvements to meet the water quality standard. This model will be available for all future rule exemption scenarios in 2006.

SRF Financial Capacity Template

A modified version of the Financial Analysis Calculator for Exemptions was developed for the Washington Department of Ecology to assist the department's staff in reviewing the financial capacity of applicants for Clean Water SRF loans.

Enhanced Version of Plan2Fund

The Boise State EFC made several enhancements to Plan2Fund, which included adding a grant-tracking feature, additional reports, and run-time functionality. The enhanced version of Plan2Fund can be accessed and downloaded on the EFC's Web site at <http://sspa.boisestate.edu/efc/services.htm>.

National Directory of Watershed Resources

The Boise State EFC made enhancements to the Directory of Watershed Resources, enabling it to be accessed nationally. In 2005, Region 1 added its funding information into the database, and the Boise EFC anticipates other regions will add their watershed resources to the directory in the future, thus creating a national tool for watershed protection.

Prioritization Tool Beta Model

The EFC developed a prioritization tool to assist stakeholder groups when prioritizing objectives using pre-established decision rules. A beta model is available on the EFC's Web site.

One Plan BMP Financing Model

The EFC is working with the Natural Resource Conservation Service, Idaho Soil Conservation Commission, and others to enhance the Idaho One Plan model with an environmental finance sub-routine. The EFC is developing a model that will be linked to Idaho One Plan that will identify the costs and environmental effects of individual agricultural



best management practices. This model is a direct response (and the outcome of an EFC-sponsored charrette) to the conflicts between water users and environmentalists in the Klamath Basin.

Nevada Statewide CAPFinance License

The state of Nevada specified the use of the EFC's CAPFinance in its request for proposals for improving the asset management capabilities of water and wastewater systems in the state. The winning proposal offered by Farr West Engineers of Reno led to the establishment of a statewide license for the use of CAPFinance in Nevada. Training and technical assistance was extended to Farr West Engineers in the summer of 2005.

MICRO-ENVIRONMENTAL FINANCE— FOCUS ON INFRASTRUCTURE

While watershed financing technical assistance and training has increased significantly during the past several years, the EFC maintains an important core of tools and services related to the traditional full-cost funding challenges of providing essential public services. The following are highlights of EFC's new State Revolving Fund activities and a variety of training and technical assistance events:

State Revolving Funds (SRFs): Providing Financial and Management Capacity Analysis

Since 1997, the Boise State EFC has provided third-party review of financial and management capacity of applicants seeking funding from the Idaho Drinking Water State Revolving Fund (DWSRF) Program. Similar

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services are provided under contract to the Alaska Clean Water Fund and Drinking Water Revolving Fund for the analysis of financial capacity. The Boise State EFC conducted nine reviews in 2005. Information about the review criteria and the latest compiled statistics on the characteristics of DWSRF applicants in Idaho as of May 2005 can be found on the EFC's Web site at <<http://sspa.boisestate.edu/efc/Publications>>. Look for "Financial Capacity Assessment Indicators: Idaho DWSRF".

In 2005, the following financial and management capacity review reports were completed:

Alaska

City of Nome

Mile 8 Utility, LLC

City of Petersburg

City and Borough of Sitka

City of Ketchikan

Also in 2005, the EFC entered into a contract with the Washington Department of Ecology (WDoE) for financial capacity analysis services related to the Clean Water State Revolving Fund. The Department of Ecology asked the center to not only conduct

Idaho

City of Burley

City of Bancroft

City of Chubbuck

City of Homer

financial capacity reviews of its recipients for funds, but also to design a computer-based model that would expedite such financial reviews and automatically generate financial capacity analyses. This new computer tool will be used in the State of Washington beginning in 2006.

The development of the WDoE SRF financial capacity analysis tool opens the door for the EFC to provide third-party review services to other state SRF programs at a lower cost, while decreasing the production time per review. Idaho's DWSRF will experiment with the new model at the end of 2005, and is expected to shift to the new technology in 2006. In addition, the DWSRF will monitor post-award financial capacity using and EFC-developed computer model, Capacity Tracker. This test will measure the efficacy of using a tool like Capacity Tracker to measure the impact on financial capacity derived from taxpayer-supported grant and capital financing taxpayer subsidy programs like the SRF.

The Idaho Clean Water SRF may adopt the review methodology in 2006, pending legislative approval of new SRF processing cost requirements for loan recipients. In mid-2006, the EFC expects to convert the Alaska SRF financial review process to the new technology as well.

| COMMUNITY | CONDITION | CHALLENGE |
|------------------------|-------------------------------------|----------------------------|
| Moro, Oregon | Water and wastewater rate increases | Acceptance of rates |
| Tenino, Washington | Establishing wastewater system | Extreme cost \$ per capita |
| Dietrich, Idaho | Upgrade of sewer system | Extreme cost \$ per capita |
| Mat-Su Borough, Alaska | Water system management | Remote systems |
| Buhl, Idaho | Wastewater upgrade/NPDES violations | Extreme cost \$ per capita |

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Specific Technical Assistance Projects

In 2005, the center extended special technical assistance attention to a number of communities. These communities were facing significant financial challenges in regard to implementing improvements to their water or wastewater systems, or both. Assistance included financial analysis, grant writing, town hall meetings, and other onsite support. The communities and their challenges are listed as follows:

Presentations, Training and Technical Assistance Events—Highlights

Idaho Rural Water Association Finance Workshops

The EFC teamed up with the Idaho Rural Water Association in 2005 to deliver several one-day workshops on water utility finances for small water utilities in Idaho. The workshops included information on planning, budgeting, financial planning, and rate-setting and how the center's financial software tools can help them in these areas. Four workshops were held in Idaho in 2005, and four more workshops were planned for 2006.



Bill Jarocki presenting financial management training workshop for the Idaho Rural Water Association in Twin Falls, Idaho

Washington Infrastructure Assistance Coordinating Council Conference

In November 2005, the EFC presented a training session on water rate-setting, using its Rate Checkup™ software tool, at the Washington Infrastructure Assistance Coordinating Council 2005 Conference.

The session covered rate-setting, as well as infrastructure replacement financial planning using CAPFinance™. Approximately 25 to 30 people attended the session.

Great Lakes Rural Community Assistance Partnership (RCAP) In-Service Training

In May 2005, the EFC presented an all-day workshop on water rate-setting at the Great Lakes RCAP In-Service Training provided by the National Environmental Services Center in Morgantown, West Virginia. The workshop included information on planning, budgeting, financial planning, and rate-setting and how the EFC's financial software tools can help them in these areas. The workshop was conducted in a computer lab at the University of West Virginia, and the 11 attendees received hands-on experience in running Rate Checkup™ and CAPFinance™. The EFC also participated in a half-day session (approximately 20 attendees) on capital improvement cost estimating.

Eastern Oregon AWWA/PNCWA Fall Conference

In September 2005, the EFC presented a training session on utility finances for water and wastewater utilities in Pendleton, Oregon, for the Eastern Oregon subsections of the Pacific Northwest Section of the American Water Works Association (AWWA) and the Pacific Northwest Clean Water Association (PNCWA). The eight-hour session included information on planning, budgeting, financial planning, rate-setting, and how the EFC's financial software tools can help them in these areas. Fourteen people attended.

EPA Region 7 Combined Sewer Overflow (CSO) Long Term Control Plans (LTCP) Workshop

The center presented a session on utility financing for stormwater utilities in May 2005 at the Region 7 EPA Headquarters in Kansas City, Kansas. The four-hour session covered budgeting, reinvestment in capital assets, and full-cost pricing for CSO/SSO (sanitary sewer overflow) implementation. Approximately 65 people attended.

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Idaho Department of Commerce and Labor Conference

The EFC conducted a workshop on “Community Development Financing: New Realities of Environmental Finance” for the Idaho Department of Commerce and Labor conference. The EFC presented the issues of implementation finance for environmental projects and the impact on community development efforts. About 300 community development and local, state, and federal government professionals attended.

Oregon Utility Finance Workshop Series

The EFC delivered a series of eight regional workshops on utility finance in April and May 2005. These full-day workshops were sponsored by the League of Oregon Cities and the Oregon Department of Environmental Quality (ODEQ) and funded by ODEQ. Approximately 200 local government officials received the training as well as copies of the EFC’s software products for improving financial capacity. Workshops were conducted in LaGrande, the Dalles, Prineville, Salem, Roseburg, Florence, Ashland, and Tillamook. Three hundred copies of CAPFinance™ were provided to ODEQ for distribution to Oregon communities.

Following the workshops, individual communities were invited to receive direct technical assistance from the EFC in June. Initial assistance sessions were funded by ODEQ with follow-up assistance work funded through the Boise State EFC. Communities taking advantage of the technical assistance were Scappoose, Yachats, Independence, Moro, Cottage Grove, Monmouth, Huntington, and Nyssa.

U.S. Army Corps of Engineers Western Region Meeting, Salt Lake City

In April, the EFC was invited to address the western states representatives of the U.S. Army Corps of Engineers (USACE) regarding issues of financial capacity measurement and leveraging capital financing for water and wastewater projects funding through the USACE 595 process.



Colorado CAPFinance Workshop Series

The EFC, in cooperation with the Colorado Department of Community Affairs and the Colorado Municipal League, conducted a series of eight regional workshops throughout the state on the topic of asset replacement financing. The EFC demonstrated CAPFinance to the workshop participants and provided copies of it to more than 300 Colorado communities, special districts, and private water systems. Workshops were delivered in Alamosa, Cortez, Delta, Glenwood Springs, Fort Collins, Limon, LaJunta, and Colorado Springs.

Syracuse University’s Environmental Finance Center’s PMFP Training

In July, the EFC teamed with the Region 2 EFC at Syracuse University by presenting a CAPFinance workshop at the 2005 Public Management and Finance Program (PMFP) seminar at the Peek N’ Peak Resort in western New York. PMFP delegates received copies of the CAPFinance model along with a conceptual framework for meeting the challenges of infrastructure gap financing for water and wastewater systems. An outcome of this workshop was the genesis of developing a version of CAPFinance that will address solid waste facility needs. The Syracuse EFC is working with the Boise State EFC to develop this new version of the model.

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Environmental Training Institute for Small Communities—Morgantown, West Virginia

West Virginia University was the site of a full-day training session on water and wastewater system financing delivered by the Boise State EFC during the Environmental Training Institute for Small Communities Conference. Fifteen people attended.

Alaska Water and Wastewater Management Association—Sitka Conference

Since its establishment, the Alaska Training and Technical Assistance Center (ATTAC) at the University of Alaska at Sitka has relied on the Boise State EFC for training and technical assistance on utility finance issues. In September, the Boise State EFC presented three workshops for ATTAC at the Alaska Water and Wastewater Management Association Training Workshop at Sitka. The EFC presented workshops about planning, budgeting, and capital investment for continuing education unit credit. Approximately 35 people—primarily water and wastewater system operators and managers—attended each work session. Attendees received copies of CAPFinance and other EFC software.

Oregon League of Cities Water and Wastewater Financing Workshop

In November, the Oregon League of Cities invited the EFC to conduct a workshop on utility finance in Eugene in conjunction with the league's 50th Anniversary Conference. Nearly 40 city officials attended this full-day workshop, which featured EFC software products such as CAPFinance and the new System Development Charge model.

Regions 7, 8, 9, and 10 Capacity Development Workshop—Portland, Oregon

In July, EFC Director Bill Jarocki facilitated workshops at the Regions 7, 8, 9, and 10 Capacity Development Workshop in Portland.

Region 7 State Drinking Water Program Stakeholders Meeting Series

In August and September 2005, the EFC facilitated four meetings of drinking water program capacity development stakeholders in the Region 7 states of Iowa, Missouri, Nebraska, and Kansas. The purpose of these meetings was to revisit state program priorities developed under the Safe Drinking Water Act's (SDWA) state capacity development strategy requirements. EFC staff assisted state drinking water program staff members and stakeholders in reviewing the original capacity development strategies, preparing the annual reports to the governors (required by the SDWA) and in discussing how the strategies should be adjusted to better meet future needs. The EFC has been assisting the Region 7 states' drinking water programs on drinking water capacity development implementation since 1997.

Idaho City Clerks, Treasurers, and Finance Officers Association Institute (ICCTFOA)

The EFC staff presented two workshops at the ICCTFOA Institute in September 2005. This annual institute conference is the primary training event for municipal fiscal officers in Idaho. Workshop topics focused on the methodology and legality of system development charges (sometimes called development impact fees), and utility rate setting. Approximately 70 people attended each workshop.

Como Manejar las Oficinas Prestadoras de Servicios de Agua con Criterio Empresarial ("How to Provide Water Service According to Business Principles")

The Institute of Technology in Santo Domingo, Dominican Republic, was the venue for the first Spanish presentation of the Boise EFC's training and financial tools. About 15 water service professionals representing various sized water systems in the Dominican Republic attended this two-day workshop, arranged by Ing. Fidel Perez of WeGroup, S.A. The event demonstrated the nearly universal challenges of providing the best quality water service to the most people at the lowest cost for the longest period of time. Workshop participants were

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enthusiastic about the usefulness of the EFC financial management tools and are eager to have these provided in Spanish. The invitation from WeGroup, S.A. to the EFC to conduct the event was the result of WeGroup representatives having attended the EFC financial training workshop at West Virginia University earlier in the year. The center is expected to return to the Dominican Republic to provide specialized services (see new initiatives for 2006).

MACRO-ENVIRONMENTAL FINANCE FOCUS ON WATERSHED FINANCING

Boise State's 2002 Annual Report introduced the division of activities between the focus areas of macro-environmental and micro-environmental finance. This division is useful in separating traditional utility-based financing work from the emerging challenges of financing non-point pollution reduction at the watershed level.



Jarocki (center) with participants of the financial management workshop in Santo Domingo

Watershed Funding Workshops

Watershed restoration is important throughout the region. In order for watershed planning and implementation to be effective, identification and acquisition of resources are necessary. Due to the differences in sophistication levels of different watershed groups, the EFC has tailored its workshops to levels that best address these differing needs. In 2005, the center presented seven watershed funding workshops:



Amy Williams (left) presenting watershed funding workshop in Hauser Lake, Idaho.

Intermediate Workshops

Intermediate workshops focus on watershed stakeholders that are familiar with the watershed process but lack the knowledge and skills needed to weave together a funding strategy. The workshop covers principles of developing a finance strategy and identifying the funding tools and techniques that support the strategy to achieve a watershed vision. The EFC presented four intermediate workshops in 2005.

EPA Region 7 Watershed Financing Workshops

In August 2005, more than 50 people attended workshops in Omaha, Nebraska, and Kansas City, Kansas. Attendees received CDs with PowerPoint presentations, Plan2Fund, handouts, and additional tools and resources. The EFC provided additional assistance following the workshop and set up a Web site with numerous resources for workshop participants.

Advanced Workshops

Many watershed groups are sophisticated in watershed planning and fundraising; however, some often have unique funding challenges. The EFC provided three workshops in the region to assist these communities by addressing their specific financing needs. Participants at each of the advanced workshops received one-on-one assistance both prior to the workshop and following the workshop.

- **Anchorage, Alaska—Advanced Workshop.** The EFC presented an advanced workshop for the

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Anchorage Waterways Council. The meeting focused on particular challenges of the council and identified and made available tools and other resources to assist.

- **Chehalis, Washington—Advanced Workshop.** The EFC held two advanced workshops in Chehalis in 2005, to assist the group in prioritizing objectives in its watershed plan. The meeting resulted in the development of a new rating tool that can be used by other groups to assist in the prioritization process.

Online Training Workshop

The EFC is developing an online version of the watershed funding workshop. The online training includes information on the basic principles of watershed funding using the “community quilt” model, the importance of partnering, leveraging opportunities, identifying matching resources, budgeting, researching resources, and grantwriting basics. The EFC developed supplementary information for the training that included information on community asset inventories, task prioritization, and fundraising. The EFC also developed online tutorial demonstrations for the centers tools, including Plan2Fund and the Directory of Watershed Resources. These demonstrations use animated screen shots to demonstrate how to use the tools. The training material has been posted to the EFC’s Web site.

DIRECTORY OF WATERSHED RESOURCES DATABASE UPDATE

In 2003, the Boise State EFC in Region 10 developed the Directory of Watershed Resources, a database of funding sources for watershed protection and restoration. The initial directory included information on federal, state (Oregon, Washington, Idaho, and Alaska), private, and other funding sources and assistance.

The directory has been a huge success, identifying nearly 800 programs within Region 10. More than 100 people visit the site per month and the numbers are growing as people become aware of the resource. In addition, several agencies have begun to link to the directory Web site and are directing unfunded applicants to the EFC for assistance. However, for this database to continue to be a resource for watershed stakeholders, the information must be kept up to date.

In 2005, in order to make the updating process more efficient, the EFC enhanced the e-mail update function of the Directory of Watershed Resources. The e-mail function allows the EFC to send e-mails to program contacts that includes a link to their specific programs for review. The enhancement allows each contact to link directly to its program information, edit the program, and submit the changes online. The database tracks the programs with changes, as well as the programs that have been accepted without changes. This new function allows the EFC to track completed updates and identify programs that need additional research. An update request was e-mailed to more than 600 program contacts in 2005. The EFC is now in the process of completing the updates to the database.

NATIONAL EXPANSION OF THE DIRECTORY OF WATERSHED RESOURCES AND PLAN2FUND

The positive response to the Directory of Watershed Resources generated a strong demand for the tool in other regions. The demand was recognized by EPA’s Sustainable Finance Team, which provided additional

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financial resources to the EFC in 2005, to enhance and expand the directory and Plan2Fund for distribution to watershed groups in other regions throughout the United States.

Directory of Watershed Resources

In 2005, the EFC expanded the Directory of Watershed Resources to function as a national database, allowing other states and regions to add their funding information into the directory. The New England EFC was the first EFC to utilize the national structure, adding more than 600 programs to the database. The EFC is currently working with Region 3 and the states of Montana and Arkansas, which have expressed an interest in adding their states' financing resources into the database in 2006. It is expected that, as resources allow, additional EFCs in the Network will also add information into the database.

Plan2Fund™

Many watershed groups struggle with the task of moving from the actual watershed plan to locating funding sources. During 2003, the center responded to this need by developing Plan2Fund, which was developed in Microsoft Access and walks users through the process of estimating the costs of their watershed program plan's goals and objectives, assessing local matches, and determining funding needs to meet goals and objectives. The results from Plan2Fund can be used to search for funding sources utilizing the Directory of Watershed Resources.

In response to feedback received from users of the original version, the center completed enhancements Plan2Fund in 2005. The enhancements included developing a runtime version of the program, allowing users to access Plan2Fund without owning Microsoft Access. In addition, the center added more detailed budgeting information to the program, as well as adding new reports and a function that allows collaborative watershed groups to identify the tasks that are assigned to different stakeholders. The center also added a grant-tracking section that allows users to identify and track grants and resources for

specific tasks. Since the enhanced version became available this fall, several hundred copies of Plan2Fund have been distributed free of charge to conference attendees and workshop participants. In addition, more than 50 copies have been mailed by request, and more than 200 people have downloaded Plan2Fund from the EFC's Web site at <<http://sspa.boisestate.edu/efc>>.

AGRICULTURAL BEST MANAGEMENT PRACTICES (BMP) COST ANALYSIS

The EFC's extensive work with watershed stakeholders throughout Region 10 has provided the EFC with opportunities to listen to challenges and needs expressed by various watershed groups. At the Klamath Watershed Funding Workshop in particular, watershed stakeholders expressed a need to identify the costs and benefits of conservation efforts for landowners in the region. This information could be used to inform landowners of the economic costs and benefits of implementing best management practices on their land and help identify what additional incentives might be required to reach the conservation goals in the watershed.

The EFC worked with the Natural Resources Conservation Service (NRCS), Idaho Conservation Commission, Idaho Association of Soil Conservation Districts, and other state and federal agencies to develop an analysis tool that provides cost information to landowners to assist them in identifying conservation practices on their land.

The EFC developed the methodology for creating a model that would provide information on the costs of various conservation practices and the environmental effects those practices have on resources. Using NRCS research data, the model would allow landowners to compare conservation practices that have high costs and low benefit with practices that have low costs and high benefit. The EFC continues to work with the various agencies to develop a stand-alone model that can be linked to the Idaho OnePlan Conservation Planning Tool.

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WATERSHED PRIORITIZATION TOOL

In 2004, the EFC provided an advanced workshop to the Chehalis Basin Watershed Partnership in Washington, which just completed a nearly six-year effort to finish its watershed plan, only the second plan in the state to be finalized. Following the workshop, the group requested additional follow-up and technical assistance from the EFC to assist in moving forward to implementation.

The largest challenge faced by the Chehalis group and many others that have completed a watershed management plan is setting priorities for implementation. With many collaborative stakeholder groups, prioritization is a difficult undertaking due to the variety of interests at the table and the often-contentious nature of environmental protection. In 2005, the group requested the EFC's assistance in developing a tool to help it through the prioritization process. Through a series of meetings, the EFC helped the partnership identify multiple decision rules it could use to determine the priority of objectives identified in its plan.

Prioritization is a major challenge among watershed groups. The Chehalis case study provides stakeholder groups with a successful example of how prioritization can be done, demonstrates a process to follow, and provides a tool that can be adjusted to address their unique circumstances.

The Excel-based prioritization tool developed for the Chehalis group is available on the EFC's Web site. The EFC created a template that can be used by other groups in developing their own decision rules and prioritization tools. The template has been posted to the EFC's Web site.

ENVIRONMENTAL FINANCE E-NEWSLETTER

The EFC prepares a quarterly newsletter that focuses on watershed funding issues within Region 10. In 2005, the EFC expanded the newsletter to include micro-financing issues such as utility finance,

rate-setting, and point source funding challenges. The newsletter is e-mailed to more than 500 recipients, including past workshop attendees, watershed groups, various EFC contacts, and local governments. The response to the newsletter has been positive. The EFC continues to receive requests from individuals to be added to the e-mail subscription list. The newsletter is available on the EFC's Web site at <http://sspa.boisestate.edu/efc/news.htm>.

IACC Newsletter

In 2005, the EFC assisted the Washington Infrastructure Assistance Coordinating Council (IACC) by providing a quarterly newsletter on infrastructure financing in Washington State. The goals of the newsletter are to provide relevant and timely information on infrastructure financing and related issues and enhance communication between state and federal financing programs, as well as the systems and public. *The IACC Newsletter* can be viewed at: <http://www.infracfunding.wa.gov>.

EFC INFORMATION ACTIVITIES – WEB SITE

The activities of the EFC are profiled on its Internet Web site, <http://sspa.boisestate.edu/efc>. The Web site allows the EFC to make available information on its programs and projects without incurring the expenses of publishing a newsletter or other periodical. Information such as *The Watershed Newsletter*, various PowerPoint presentations, Capacity Tracker, the Financial Analysis Calculator for Exemptions tool, and new publications were added to the Web site in 2005.

OTHER MISCELLANEOUS MEETINGS AND TECHNICAL ASSISTANCE

Participants at watershed-funding workshops often pass information on to the other stakeholders who contact the EFC for additional information and assistance. In addition, the EFC is often contacted by agencies and organizations that would like it to participate in conferences, meetings, and various watershed events. The conferences allow the EFC to share valuable tools and services with large numbers of stakeholders and result

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in positive responses and requests for additional information. The following are some examples of events and services the EFC provided in 2005:

EPA Watershed Funding Workshop, August 3, 2005

The EFC participated in a Watershed Funding Workshop presented by EPA's Sustainable Finance Team in Washington, D.C. Attendance for the workshop was limited to 51 participants, although more wanted to attend. The high demand for this workshop demonstrates the need for watershed funding tools and information. Response to the EFC's presentation was very positive. Sixty-nine percent of the attendees rated the usefulness of Plan2Fund as "High," and 76 percent said they would use the tool. As a result of the high demand for the workshop, and in order to reach a broader audience, a webcast of Plan2Fund and overview of watershed funding tools and information has been developed and posted on the EFC's Web site.

Funders Fair, May 9–10, 2005

Congressman Michael Simpson (Idaho) requested the EFC's participation in two funding fairs offered in Twin Falls and Idaho Falls. The fairs targeted rural stakeholders in southeast and south central Idaho facing financing challenges in infrastructure, agriculture and natural resources, small business, and art and historical fields of interest. At the fair, the center presented valuable information and resources to participants. In addition, the EFC hosted a display booth at each fair and provided software CDs and information with other agencies and participants. As a result of the fair, several participants requested additional assistance.

Watershed Dialogue—EPA Office of Wetlands, Oceans and Watersheds, January 17, 2005

The EFC participated in a Watershed Dialogue presented by the EPA Office of Wetlands, Oceans and Watersheds (OWOW). The EFC gave a brief presentation on its watershed funding tools and participated in the dialogue discussion. The meeting gathered together several of the nation's leaders in watershed protection with EPA staff to discuss current and

planned activities undertaken by OWOW. The dialogue helped EPA gain insight on how to better serve watershed groups and provided a forum to discuss resources and networking opportunities with other participants.

U.S. Forest Service and the State of Washington Department of Ecology Meeting, May 3, 2005

The EFC presented information on funding strategies that focused on road stabilization work needed to meet the water quality requirements for the department's Washington Administrative Code 222 rules. The EFC assisted the group in identifying potential funding alternatives to a congressional appropriation request.



Idaho Water Reuse Conference, May 25, 2005

The EFC presented information on tools and services available to assist with funding water reuse projects in Idaho.

Pennsylvania Conservation District Watershed Specialists Meeting, October 5, 2005

The EFC partnered with EFC Region 3 and presented a demonstration workshop on Plan2Fund to Conservation District Watershed Specialists in Pennsylvania. CDs of Plan2Fund were provided to more than 100 participants.

EPA Headquarters Brown Bag Presentation, August 3, 2005

The EFC participated in a brown-bag presentation for EPA headquarters staff on Plan2Fund and the Directory of Watershed Resources.

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Idaho Nonprofit Development Conference, October 21, 2005

The EFC participated in the Idaho Nonprofit Development Center annual statewide conference titled, "The Power of Nonprofits: Influence, Impact, and Investment."



Washington Department of Ecology Watershed Leads Meeting, October 20, 2005

The EFC gave a presentation at the Department of Ecology's Watershed Leads Meeting on the EFC and the tools and resources available to assist with Water Resource Inventory Areas (WRIA) implementation in Washington. Additional assistance was requested from WRIA groups as a result of the presentation.

Northwest Power Planning Council Presentation, October 19, 2005

The EFC presented a brief workshop on Plan2Fund and the Directory of Watershed Resources to the staff from the Northwest Power Planning and Conservation Council, Bonneville Power Association, and the National Oceanic and Atmospheric Administration.

Watershed Funding Customer Service Assistance

In 2003, the EFC established a toll-free telephone number for watershed stakeholders to call if they needed one-on-one technical service assistance when searching for watershed funding within Region 10. The center has continued this service for Region 10.

Watershed Financing Individual Assistance

During 2005, the EFC responded to requests for individualized assistance for planning, researching funding options, or other assistance from a number of individuals and organizations including Canyon County, Washington State Parks Department, and Hauser Lake Watershed Association.

New Initiatives

The EFC will pursue several new initiatives in 2006 in the policy areas of Safe Drinking Water, Clean Water, and Watershed Protection.

WATERSHED FUNDING WORKSHOPS

The EFC is developing an online watershed funding workshop. The workshop will include video, Web tutorials, and links to resources and tools to assist watershed groups, local governments, and tribes in developing strategies for financing watershed protection efforts. In addition, the EFC will provide ongoing Web support and assistance to groups developing and implementing long-term funding strategies.

DIRECTORY OF WATERSHED RESOURCES

The EFC is expanding the directory to a national database. In addition, the EFC will continue to update and expand the funding sources within the directory.

PRIORITIZATION TOOL

The EFC is developing a computer-based prioritization model to assist watershed organizations in ranking the goals and objectives of their watershed plan. The prioritization model will ultimately help community-based organizations accomplish their tasks more efficiently. Field testing in late 2004 led to the delivery of a full-beta model in 2005. The next step is to develop a user-friendly version of the tool using conventional software platforms.

ACTIVITIES & ACCOMPLISHMENTS

BARAHONA PROJECT (DOMINICAN REPUBLIC)

A spin-off of the EFC's work in the Dominican Republic in November, the Barahona project is the vehicle through which the EFC's utility finance and financial management tools, training methodology and technical assistance will be adapted for Spanish-speaking professionals and managers to improve their financial capacity of water and wastewater systems. The Barahona project is a \$72 million (U.S.) construction project—internationally funded and overseen by the national water production agency in the Dominican (INAPA). A team of 11 consultants will be involved, including the EFC for software development and financial management capacity building.

EFC NETWORK COLLABORATIONS

Watershed Protection

The EFC will continue to collaborate with the University of Maryland EFC on watershed protection and watershed funding efforts. Together, these EFCs expect to introduce watershed planning and financing tools to stakeholders in Virginia.

Directory of Watershed Resources

The EFC is collaborating with the Region 1 EFC and the EFC Network to expand the Directory of Watershed Resources to other EFC regions. This work, funded through EPA's Office of Wetlands, Oceans and Watersheds, is designed to lay the groundwork for eventual nationwide application of EFC tools.

Conferences and Meetings

The EFC will continue to collaborate with the EFC Network to provide information and presentations at conferences.

Dashboard Project

In 2006, the EFC began work on a new EPA-funded project that will include the Environmental Finance Centers at the University of North Carolina, University of Maryland, and Cleveland State University. Code-named the "Dashboard Project," this effort will tackle the next big challenge in environmental financial management training—translating financial management information to aid in better decision-making by local officials. This project will include the development of a new tool—called the "Dashboard"—that will integrate and digest the output of the variety of financial management tools produced by the EFC Network. The project will also examine the information used by decision-makers, best practices that lead to financial capacity, and the best methods for exchanging information effectively. By leveraging the multi-regional coverage of the cooperating EFCs on this project, the EFC hopes to create techniques and tools that will have nationwide application.

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PERFORMANCE MEASURES

Outcomes

As a result of the center's activities and accomplishments outlined in the previous section, outcomes have included the following:

- Widely distributed tools assisting numerous water and wastewater systems in the region and beyond.
- Nationwide reach of software, training, and technical assistance for stakeholders involved in addressing non-point source water pollution challenges.
- Maintenance of important core of tools and services relative to the traditional full-cost funding challenges of providing essential public services.
- Dissemination of training and technical assistance at numerous public and private forums via workshops, presentations, and conferences.

Impacts

In 2005, the center continued its mission to improve the efficiency and effectiveness of environmental systems. It offered intensive training programs and workshops concentrating on computer programs for utility rate-setting and capital improvement planning for environmental facilities. Specific environmental issues addressed through the center's activities and accomplishments include the following:

- Wastewater and water systems
- Watershed management
- Water conservation